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FM SECSTATE WASHDC

TO ALL DIPLOMATIC AND CONSULAR POSTS COLLECTIVE IMMEDIATE

UNCLAS SECTION 01 OF 02 STATE 133198

SENSITIVE

SIPDIS

E.O. 12958: N/A

TAGS: [KNNP](#) [EFIN](#) [PARM](#) [IR](#)

SUBJECT: DESIGNATION OF ADDITIONAL IRANIAN ENTITIES UNDER
E.O. 13382

¶1. (U) THIS IS AN ACTION REQUEST PLEASE SEE PARAGRAPH 9.

SUMMARY

¶2. (SBU) THE UNITED STATES ON DECEMBER 17, 2008, DESIGNATED TWO IRANIAN ENTITIES OF PROLIFERATION CONCERN UNDER U.S. EXECUTIVE ORDER (E.O.) 13382 (BLOCKING PROPERTY OF WEAPONS OF MASS DESTRUCTION PROLIFERATORS AND THEIR SUPPORTERS): ASSA CORP., A FRONT COMPANY CREATED AND CONTROLLED BY IRAN'S BANK MELLI AND DOMICILED IN NEW YORK, AND ITS PARENT COMPANY ASSA CO. LTD, LOCATED IN THE CHANNEL ISLANDS. BOTH ENTITIES WERE DESIGNATED FOR BEING CONTROLLED BY AND/OR ACTING ON BEHALF OF, BANK MELLI. BANK MELLI, IRAN'S LARGEST BANK, WAS IDENTIFIED IN UN SECURITY COUNCIL RESOLUTION 1803 AS A BANK OF PROLIFERATION CONCERN WARRANTING GREATER SCRUTINY, WAS DESIGNATED UNDER E.O. 13382 IN OCTOBER 2007, AND WAS DESIGNATED BY THE EUROPEAN UNION IN AUGUST 2008 FOR ITS SUPPORT FOR PROLIFERATION. IN

A RELATED ACTION, THE DEPARTMENT OF JUSTICE FILED A CIVIL FORFEITURE ACTION SEEKING TO FORFEIT ALL RIGHT, TITLE AND INTEREST OF ASSA CORP., ASSA CO. LTD, AND BANK MELLI IN A MANHATTAN OFFICE TOWER ON FIFTH AVENUE. WE WOULD LIKE TO NOTIFY HOST GOVERNMENTS OF THE DESIGNATIONS.

ACTION REQUEST/OBJECTIVES

¶3. (SBU) POSTS ARE REQUESTED TO PURSUE THE FOLLOWING OBJECTIVES. IN DOING SO, POSTS MAY DRAW FROM THE PRESS STATEMENT RELEASED BY THE STATE DEPARTMENT ON DECEMBER 17, 2008, WHICH CAN BE FOUND AT WWW.STATE.GOV/R/PA/PRS/PS/2008/DEC/113288.HTM ; THE PRESS STATEMENT RELEASED BY THE TREASURY DEPARTMENT, WHICH CAN BE FOUND AT WWW.TREASURY.GOV/PRESS/RELEASES/HP1330.HTM; THE PRESS STATEMENT RELEASED BY THE FEDERAL BUREAU OF INVESTIGATION, WHICH CAN BE FOUND AT WWW.NEWYORK.FBI.GOV/DOJPRESSREL/PRESSREL08/NY_FO121708/HTM; AND PARAGRAPHS 4-11 BELOW. PRESS STATEMENTS MAY BE PASSED TO HOST GOVERNMENT OFFICIALS.

-- INFORM HOST GOVERNMENT OFFICIALS OF THE U.S. DESIGNATIONS UNDER E.O. 13382 OF ASSA CORP AND THE ASSA CO LTD.

-- REMIND HOST GOVERNMENT OFFICIALS THAT PARAGRAPH 10 OF UNSCR 1803 CALLS UPON ALL MEMBER STATES TO EXERCISE VIGILANCE OVER THE ACTIVITIES OF FINANCIAL INSTITUTIONS IN

THEIR TERRITORIES WITH ALL BANKS DOMICILED IN IRAN, IN PARTICULAR WITH BANK MELLI AND BANK SADERAT, AND THEIR BRANCHES AND SUBSIDIARIES ABROAD, IN ORDER TO AVOID SUCH ACTIVITIES CONTRIBUTING TO PROLIFERATION SENSITIVE NUCLEAR ACTIVITIES, OR TO THE DEVELOPMENT OF NUCLEAR WEAPON DELIVERY SYSTEMS, AS REFERRED TO IN RESOLUTION 1737 (2006)

-- URGE HOST GOVERNMENTS, CONSISTENT WITH NATIONAL LAWS AND REGULATIONS, TO FREEZE THE ASSETS OF THESE ENTITIES IF THEY HAVE NOT ALREADY DONE SO, AS WELL AS THE ASSETS OF PERSONS OR ENTITIES ACTING ON THEIR BEHALF OR AT THEIR DIRECTION, OR BY ENTITIES OWNED OR CONTROLLED BY THEM.

-- NOTE THAT FIRMS IN THE JURISDICTION OF HOST GOVERNMENTS RISK DESIGNATION UNDER E.O. 13382 IF THEY ACT OR PURPORT TO ACT FOR OR ON BEHALF OF, DIRECTLY OR INDIRECTLY, ASSA CORP AND ASSA CO LTD, OR ANY OTHER E.O. 13382 DESIGNATED ENTITY, AND/OR IF THEY PROVIDE, OR ATTEMPT TO PROVIDE, FINANCIAL, MATERIAL, TECHNOLOGICAL, OR OTHER SUPPORT FOR, OR GOODS OR SERVICES IN SUPPORT OF ANY DESIGNATED ENTITY.

-- REMIND HOST GOVERNMENTS THAT ON OCTOBER 17, 2008, THE FINANCIAL ACTION TASK FORCE ISSUED GUIDANCE ON PARAGRAPH 10 OF UNSCR 1803, WHICH CALLS UPON ALL MEMBER STATES TO EXERCISE VIGILANCE OVER THE ACTIVITIES OF FINANCIAL INSTITUTIONS IN THEIR TERRITORIES WITH ALL BANKS DOMICILED IN IRAN, IN PARTICULAR WITH BANK MELLI AND BANK SADERAT, AND THEIR BRANCHES AND SUBSIDIARIES ABROAD. THE LINK TO THE GUIDANCE CAN BE FOUND AT WWW.FATF-GAFI.ORG/DATAOECDF/47/41/41529339.PDF.

BACKGROUND

14. (SBU) ASSA CORP. IS A FRONT COMPANY CREATED AND
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CONTROLLED BY IRAN'S BANK MELLI AND DOMICILED IN NEW YORK, AND ITS PARENT ORGANIZATION, ASSA CO. LTD, IS LOCATED IN THE CHANNEL ISLANDS. THESE ENTITIES WERE DESIGNATED UNDER EXECUTIVE ORDER 13382 FOR BEING CONTROLLED BY AND FOR ACTING FOR OR ON BEHALF OF, IRAN'S BANK MELLI, AND FOR HAVING PROVIDED FINANCIAL SUPPORT FOR, OR SERVICES IN SUPPORT OF, BANK MELLI. E.O. 13382 IS AN AUTHORITY AIMED AT FREEZING THE ASSETS OF PROLIFERATORS OF WEAPONS OF MASS DESTRUCTION (WMD) AND THEIR SUPPORTERS.

15. (SBU) BANK MELLI PROVIDES FINANCIAL SERVICES, INCLUDING OPENING LETTERS OF CREDIT AND MAINTAINING ACCOUNTS, FOR IRANIAN FRONT COMPANIES AND ENTITIES ENGAGED IN PROLIFERATION ACTIVITIES. FURTHER, BANK MELLI HAS FACILITATED THE PURCHASE OF SENSITIVE MATERIALS UTILIZED BY IRAN'S NUCLEAR AND MISSILE INDUSTRIES, AND HAS HANDLED TRANSACTIONS FOR OTHER DESIGNATED IRANIAN ENTITIES, INCLUDING BANK SEPAH, DEFENSE INDUSTRIES ORGANIZATION (DIO), AND THE SHAHID HAMMAT INDUSTRIAL GROUP (SHIG).

16. (SBU) BANK MELLI HAS BEEN DESIGNATED AS A PROLIFERATOR BY THE UNITED STATES AND THE EUROPEAN UNION FOR ITS ROLE IN IRAN'S NUCLEAR AND BALLISTIC MISSILE PROGRAM. PARAGRAPH 10 OF UNSCR 1803 CALLS UPON ALL MEMBER STATES TO EXERCISE VIGILANCE OVER THE ACTIVITIES OF FINANCIAL INSTITUTIONS IN THEIR TERRITORIES WITH ALL BANKS DOMICILED IN IRAN, IN PARTICULAR WITH BANK MELLI AND BANK SADERAT, AND THEIR BRANCHES AND SUBSIDIARIES ABROAD, IN ORDER TO AVOID SUCH ACTIVITIES CONTRIBUTING TO PROLIFERATION SENSITIVE NUCLEAR ACTIVITIES, OR TO THE DEVELOPMENT OF NUCLEAR WEAPON DELIVERY SYSTEMS, AS REFERRED TO IN RESOLUTION 1737 (2006).

17. (SBU) BANK MELLI, THROUGH ASSA CORP., HAS AN INTEREST IN A PROPERTY LOCATED AT 650 FIFTH AVENUE, NEW YORK, NEW YORK. BANK MELLI CREATED ASSA CORP AS A VEHICLE TO HOLD BANK MELLI'S INTEREST IN THE 650 FIFTH AVENUE BUILDING. THE CONSTRUCTION OF THE BUILDING WAS FINANCED, IN PART, BY A BANK MELLI LOAN. ASSA CORP CO-OWNS THE BUILDING THROUGH A

PARTNERSHIP FORMED WITH THE ALAVI FOUNDATION OF NEW YORK,
CALLED 650 FIFTH AVENUE COMPANY.

¶8. (SBU) ASSA HAS REPEATEDLY TRANSFERRED RENTAL INCOME
GENERATED FROM THE 650 FIFTH AVENUE PARTNERSHIP BACK TO
BANK MELLI THROUGH ASSA CO LTD. ASSA ALSO HAS REGULARLY
FOLLOWED BANK MELLI'S INSTRUCTIONS WITH REGARD TO ASSA'S
AFFAIRS AND ITS MANAGEMENT OF THE INVESTMENT, AND HAS
REGULARLY REPORTED BACK TO BANK MELLI ON ITS FINANCIAL
SITUATION, INCLUDING FREQUENTLY RESPONDING TO BANK MELLI
REQUESTS FOR AUDITS AND INFORMATION REGARDING COMPANY
EXPENSES.

¶9. (SBU) IN A RELATED ACTION, THE DEPARTMENT OF JUSTICE
FILED A CIVIL FORFEITURE ACTION SEEKING TO FORFEIT ALL
RIGHT, TITLE AND INTEREST OF ASSA CORP., ASSA CO. LTD, AND
BANK MELLI IN A MANHATTAN OFFICE TOWER ON FIFTH AVENUE.
THE COMPLAINT ALLEGES THAT THE FUNDS IN THE BANK ACCOUNTS
ARE FOREITABLE AS PROCEEDS OF VIOLATIONS OF THE
INTERNATIONAL EMERGENCY ECONOMIC POWERS ACT (IEEPA), AND
THAT ASSA CORPORATION'S INTEREST IN 650 FIFTH AVENUE
COMPANY IS FORFEITABLE AS PROPERTY INVOLVED IN MONEY
LAUNDERING AND A CONSPIRACY TO COMMIT MONEY LAUNDERING.

¶10. (SBU) THESE DESIGNATIONS HIGHLIGHT THE RISKS OF DOING
BUSINESS WITH IRANIAN FINANCIAL INSTITUTIONS, AND PROVIDE
ADDITIONAL INFORMATION THAT WILL HELP FINANCIAL
INSTITUTIONS IN THE U.S. AND WORLDWIDE PROTECT THEMSELVES
FROM DECEPTIVE FINANCIAL PRACTICES EMPLOYED BY IRANIAN
ENTITIES LIKE ASSA CORP AND ASSA CO LTD.

¶11. (SBU) WE WANT TO CONVEY TO HOST GOVERNMENTS THAT ANY
ENTITY IN THEIR JURISDICTION FOUND TO BE CONDUCTING
BUSINESS WITH ASSA CORP OR ASSA CO LTD AND ITS AFFILIATES
AND ANY OTHER DESIGNATED ENTITIES, OR ANY ENTITY THAT IS
OWNED OR CONTROLLED BY, OR ACTING FOR OR ON BEHALF OF ASSA
CORP AND ITS AFFILIATES, MAY BE SUBJECT TO DESIGNATION
UNDER E.O. 13382.

REPORTING DEADLINE

¶12. (U) PLEASE REPORT DELIVERY OF THE DEMARCHE AND
ANY RESPONSE WITHIN SEVEN DAYS OF RECEIPT OF THIS CABLE.
PLEASE SLUG REPLIES FOR ISN, T, TREASURY, AND NEA/IR.
PLEASE USE SIPDIS CAPTION ON ALL RESPONSES.

POINT OF CONTACT

¶13. (U) QUESTIONS MAY BE DIRECTED TO ISN/CPI JENNIFER
CHALMERS, 202-647-9715.

¶14. (U) DEPARTMENT THANKS POSTS FOR THEIR ASSISTANCE.
RICE